

Message Text

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ACTION EB-07

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E.O. 11652: N/A

TAGS: EINV

SUBJECT: COMPENSATION FOR NATIONALIZED US PROPERTIES

REF: A. STATE 96199, B. STATE 81210

1. ECONOMIC/COMMERCIAL COUNSELOR CALLED ON ATO BILILIGN MANDEFRO, CHAIRMAN OF THE COMPENSATION COMMISSION AND LT. COMMANDER LEMMA GUTEMA, COMMISSIONER, ON APRIL 27 TO DISCUSS CURRENT STATUS OF COMPENSATION COMMISSION WORK PROGRAM AND TO PRESENT USG POLICY CONCERNING VALUATION OF EXPROPRIATED PROPERTY PER REF B. DURING COURSE OF DISCUSSION, ATO BILILIGN MADE THE FOLLOWING POINTS:

A. COMPENSATION COMMISSION IS STILL DEVELOPING ITS PROCEDURES FOR ACCEPTING CLAIMS, COLLECTING DATA ON THE NATIONALIZED BUSINESS ENTERPRISES, ESTABLISHING ITS PRIORITIES FOR PROCESSING CLAIMS AND FORMULATING BASIC PRINCIPLES ON WHICH TO BASE ITS NEGOTIATIONS WITH AFFECTED BUSINESS INTERESTS.

B. WHILE THE COMPENSATION COMMISSION HAS BEEN ALLOCATED FUNDS FOR ITS OPERATIONS AND HAS OBTAINED OFFICE SPACE, IT IS STILL RECRUITING STAFF SUPPORT AND DOES NOT EXPECT TO BE IN A POSITION TO OPEN NEGOTIATIONS FOR SOME TIME TO COME. THE

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COMMISSION PLANS TO MAKE A PUBLIC ANNOUNCEMENT WHEN IT IS READY.

WITH RESPECT TO THE CLAIM LODGED BY CONTINENTAL HOMES (SEE REF A) THE COMPENSATION COMMISSION MERELY ACCEPTED AN ASSORTMENT OF DOCUMENTS FROM THAT ORGANIZATION BUT INTENDS TO TAKE NO ACTION ON ITS CLAIM UNTIL IT HAS COMPLETED ITS WORK PER 1.A. ABOVE.

C. THE COMPENSATION COMMISSION HAS RECEIVED NO REPEAT NO GUIDANCE FROM THE EPMG ASIDE FROM THE COMPENSATION DECREE WHICH ESTABLISHED THE COMMISSION AND ITS AUTHORITY. FOR EXAMPLE, FOR THOSE BUSINESS ENTERPRISES WHICH WERE PARTIALLY NATIONALIZED BY THE GOVERNMENT THE COMMISSION HAS NO IDEA ABOUT, NOR DOES IT FEEL IT HAS THE AUTHORITY TO DETERMINE, THE SHARE OF GOVERNMENT OWNERSHIP WHICH COULD, UNDER THE PROVISIONS OF THE NATIONALIZATION DECREE, RUN ANYWHERE FROM 51 TO 99 PERCENT.

D. ATO BILILIGN STRESSED SEVERAL TIMES THAT THE GOVERNMENT FULLY ACCEPTS ITS OBLIGATION TO PROVIDE COMPENSATION TO NATIONALIZED BUSINESS INTERESTS.

2. THE COUNSELOR EXPLAINED IN A CONSIDERABLE DETAIL PROVISIONS OF US LAW APPLYING TO TREATMENT OF NATIONALIZED US BUSINESS INTERESTS BY THE HOST COUNTRY AND STRESSED THE IMPORTANCE OF TIMELY, CONCRETE NEGOTIATIONS WITH THOSE INTERESTES. ATO BILILIGN EXPRESSED HIS UNDERSTANDING OF OUR POSITION BUT RE-ITERATED THAT THE COMPENSATION COMMISSION HAD AN ENORMOUS TASK BEFORE IT AND REFUSED TO SPECULATE ON WHEN THE COMMISSION WOULD BE IN A POSITION TO OPEN NEGOTIATIONS WITH AMERICAN BUSINESS INTERESTS OR ANY OTHER NATIONALIZED INTERESTS.

3. COMMENT: ATO BILILIGN WAS OPEN AND CANDID IN DISCUSSING THE PROBLEMS FACING THE COMMISSION AND CLEARLY HOPES THAT THE USG WILL BE PATIENT AND UNDERSTANDING FOR HOWEVER LONG IT TAKES THE COMMISSION TO ORGANIZE ITSELF AND BEGIN NEGOTIATIONS. HE ACCEPTED THE POSITION OF THE USG ON COMPENSATION MATTERS WITH GOOD GRACE AND SEEMED SINCERELY CONCERNED THAT COMPENSATION NOT BECOME A SOURCE OF FRICTION BETWEEN ETHIOPIA AND THE US. IT APPEARS, BASED ON THIS CONVERSATION, THAT THE COMMISSION IS ACTING IN GOOD FAITH AND IS ANXIOUS TO MAINTAIN A DIALOGUE WITH THE EMBASSY IN MATTERS RELATED TO COMPENSATION. THE OUTLOOK FOR RAPID FORWARD MOVEMENT BY THE COMMISSION IS NOT GOOD, HOWEVER, AS THEY ARE INEXPERIENCED, HAVE RECEIVED LIMITED OFFICIAL USE

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PRACTICALLY NO GUIDANCE, AND APPARENTLY HAVE NOT EVEN OBTAINED THE WORK DONE LAST YEAR BY THE COMMITTEE WHICH WORKED ON A DRAFT COMPENSATION DECREE UNDER THE VICE-GOVERNOR OF THE NATIONAL BANK.
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